

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS AUGUST 31, 2005

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

August 31, 2005

Balance Sheet:

Other Receivables: Recoveries from Liq. CU — increased to \$23.7 million due primarily to a new receivable established by AMAC from the liquidation of a credit union.

Interest Receivable — net decrease of \$21.8 million is due to a combination of \$14.4 million in accrued interest earned in August and payments of \$35.8 million received by the NCUSIF in August.

Prepaid & Deferred Charges — is \$0.0 million for August. \$7.0 million was transferred to the operating fund to cover 57% of the agency's operating costs. August's actual operating costs were \$7.1 million. The difference was recorded in accounts payable (other).

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Accounts Payable: Other — consists primarily of additional operating costs incurred in August.

Provision for Credit Union Losses (Reserves) — of \$69.2 million includes additional reserves of \$850 thousand for August.

NCUSIF Equity — is 1.26% for August. The equity ratio is based upon an insured share base of \$513.5 billion for June 30, 2005.

Statement of Revenue and Expense:

Investment Income — is approximately \$896 thousand more than the previous month due to a rise in interest rates.

NCUSIF Total Operating Expense — of \$7.3 million includes \$162 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$850 thousand for August. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
AUGUST 31, 2005

ASSETS	AUGUST 2004	JULY 2005	AUGUST 2005
Investments:			
U.S. Government Securities	\$6,168,645,181.62	\$6,435,245,401.47	\$6,460,424,828.45
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	20,151.11	49,776.59	46,043.51
Loans due to NCUSIF	4,495,917.94	5,780,910.69	5,780,910.69
Recoveries from Liq. CU	14,899,803.65	19,688,785.79	23,735,497.20
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Total Other Receivables	19,415,872.70	25,519,473.07	29,562,451.40
Cash	2,505,572.47	5,829.13	5,725.21
Interest Receivable	45,399,799.11	52,369,548.36	30,986,953.20
Prepaid & Deferred Charges	1,669,018.53	956,836.01	0.00
Leased Assets	654,773.35	275,339.57	240,497.41
Other	25,592,258.05	24,362,243.24	24,250,120.57
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TOTAL ASSETS	\$6,263,882,475.83	\$6,538,734,670.85	\$6,545,470,576.24
	=====	=====	=====
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$9,423,490.26	\$13,544,808.79	\$13,159,158.26
Other	0.00	0.00	110,052.84
Check Clearing Accounts	1,862.96	1,019.86	5,892.50
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	9,425,353.22	13,545,828.65	13,275,103.60
Provision for CU Losses (Reserves)	88,781,924.74	69,882,456.13	69,225,581.78
Lease Liabilities	627,377.08	210,648.71	210,963.52
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TOTAL LIABILITIES	\$98,834,655.04	\$83,638,933.49	\$82,711,648.90
EQUITY			
CU Contributed Capital	\$4,775,121,433.36	\$5,000,210,761.09	\$5,000,114,987.18
Retained Earnings	1,389,926,387.43	1,454,884,976.27	1,462,643,940.16
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TOTAL EQUITY	\$6,165,047,820.79	\$6,455,095,737.36	\$6,462,758,927.34
TOTAL LIABILITIES & EQUITY	\$6,263,882,475.83	\$6,538,734,670.85	\$6,545,470,576.24
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending August 31, 2005

	AUG 04	JUL 05	AUG 05
1. Investments/Total Assets	98.15%	98.42%	98.70%
2. Total Equity/Insured Shares	1.24%	1.26%	1.26%
3. Prov. for Losses/CU Capital	1.86%	1.40%	1.38%
4. Non-Earning/Total Assets	1.11%	1.21%	0.93%
5. Available Asset Ratio	1.21%	1.23%	1.23%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING AUGUST 31, 2005

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2005	CY TO DATE BUDGETED 2005	CY TO DATE 2004
Investment Income	\$15,814,541.74	\$15,700,000.00	\$106,624,849.70	\$100,400,000.00	\$82,135,768.53
Other Income	52,586.30	44,000.00	409,132.60	\$352,000.00	348,601.54
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Total Income	15,867,128.04	15,744,000.00	107,033,982.30	100,752,000.00	82,484,370.07
EXPENSE					
Employee Pay	\$4,247,601.19	4,501,612.94	\$31,343,682.65	33,895,946.88	32,656,617.67
Employee Benefits	\$1,093,586.86	1,161,307.84	\$8,158,863.77	8,759,510.87	8,209,640.08
Employee Travel	\$626,587.27	608,897.60	\$4,005,078.82	4,871,180.81	4,136,112.69
Rent/Communications/Utilities	\$235,180.21	186,679.74	\$1,391,351.94	1,493,437.95	1,702,540.80
Administrative Costs	\$573,263.76	498,672.47	\$3,806,320.44	3,989,379.73	3,531,842.90
Contracted Services	\$319,535.45	393,604.84	\$1,996,764.97	3,148,838.75	1,850,620.16
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Subtotal NCUA Operating Exp.	7,095,754.74	7,350,775.43	50,702,062.59	56,158,294.99	52,087,374.30
AMAC Expense	0.69	1,589.33	313.51	12,714.64	30,494.24
Training Expense	124,602.27	90,000.00	623,189.66	720,000.00	565,298.46
Leasing Expense	35,156.97	35,000.00	278,832.09	280,000.00	284,365.99
Other Insurance Expense	2,649.48	3,500.00	22,873.35	28,000.00	23,970.26
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Total Operating Exp.	7,258,164.15	7,480,864.76	51,627,271.20	57,199,009.63	52,991,503.25
Insurance Loss	850,000.00	1,500,000.00	8,927,028.49	12,000,000.00	8,360,633.02
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Total Expense	8,108,164.15	8,980,864.76	60,554,299.69	69,199,009.63	61,352,136.27
NET INCOME	\$7,758,963.89	\$6,763,135.24	\$46,479,682.61	\$31,552,990.37	\$21,132,233.80
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Retained Earnings, Beginning of Year			\$1,416,164,257.55		\$1,368,794,153.63
Prior Year Adjustment			0.00		0.00
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As Restated			1,416,164,257.55		1,368,794,153.63
Net Income			46,479,682.61		21,132,233.80
			-----		-----
			1,462,643,940.16		1,389,926,387.43
Dividends			0.00		0.00
			-----		-----
			\$1,462,643,940.16		\$1,389,926,387.43
Retained Earnings, Year To Date			=====		=====

Comparative Analysis of NCUSIF Ratios for August 31, 2005

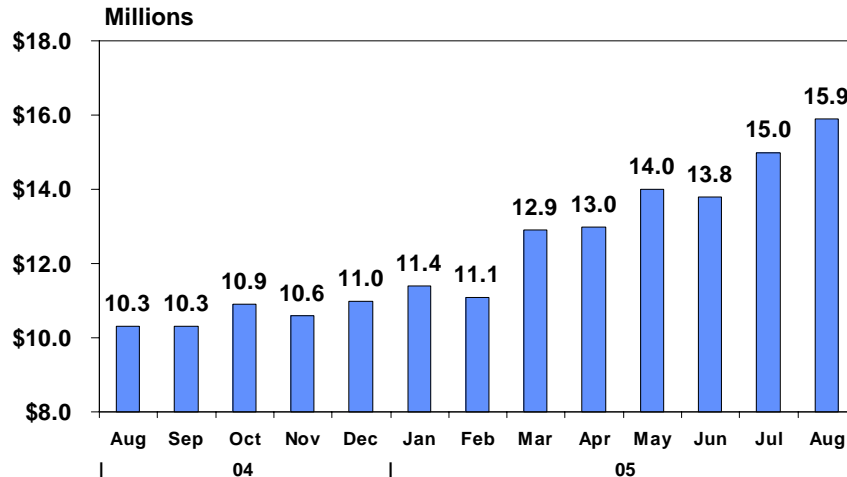
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	41.26%	45.74%	64.24%	48.23%
2. Ins. Loss/Total Income	1.82%	5.36%	10.14%	8.34%
3. Total Exp./Total Income	43.08%	51.10%	74.38%	56.57%
4. Net Income/Total Income	56.92%	48.90%	25.62%	43.43%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
August 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$113,883,864.34
Other income received	409,132.60
Cash paid for operating expenses	(52,533,293.40)
Net cash (paid) received for insurance losses	<u>(18,155,632.72)</u>
Net cash provided by operating activities	43,604,070.82
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(102,982,009.43)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>894,758.32</u>
Net cash provided by (used in) investing activities	(102,087,251.11)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	58,483,502.49
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	58,483,502.49
NET INCREASE (DECREASE) IN CASH	322.20
CASH, BEGINNING OF YEAR	5,403.01
CASH, ENDING AUGUST 31 2005	<u><u>\$5,725.21</u></u>

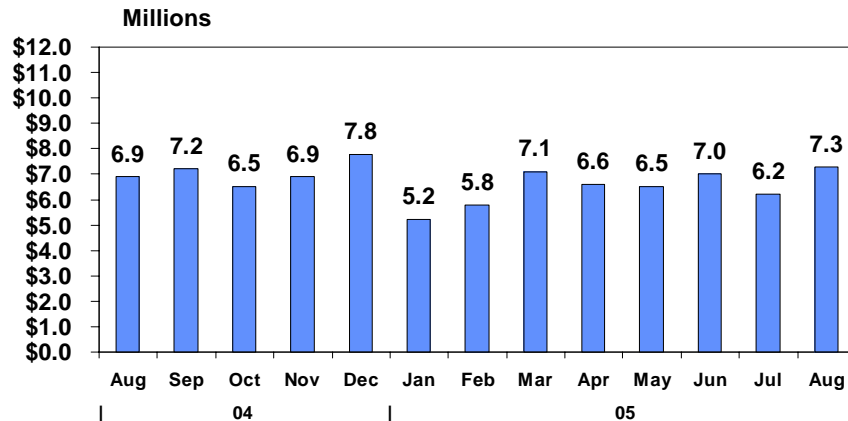
GROSS INCOME

August 04 – August 05



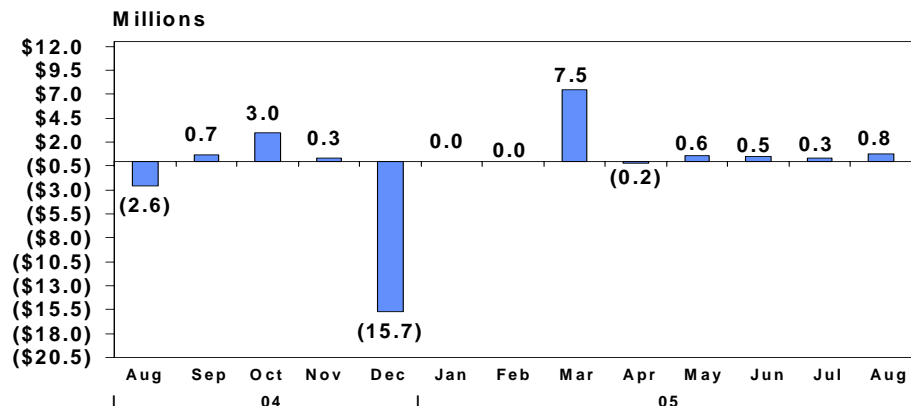
OPERATING EXPENSE

August 04 – August 05



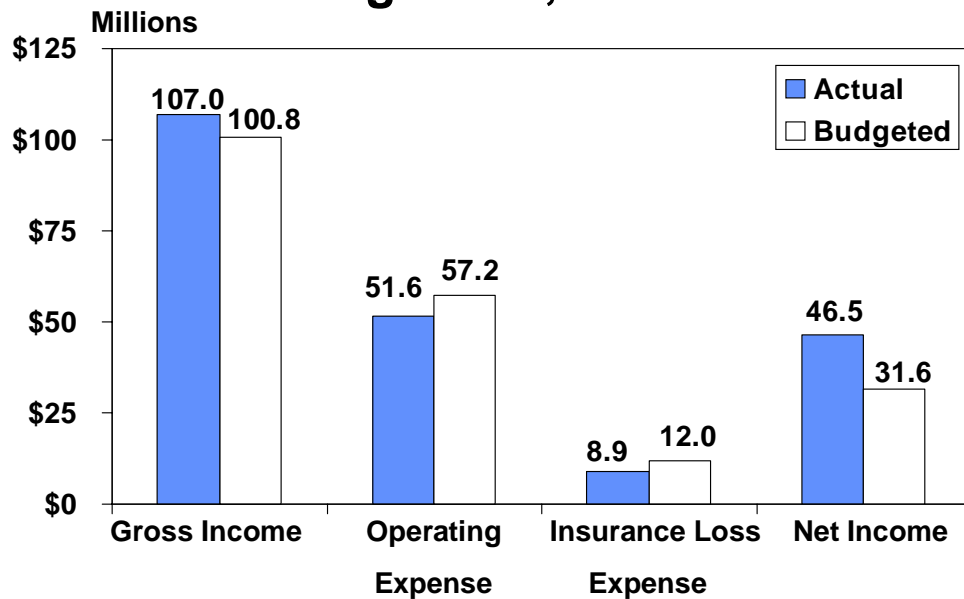
INSURANCE LOSS EXPENSE

August 04 – August 05



REVENUE AND EXPENSE

August 31, 2005



NCUSIF EQUITY RATIO

AUGUST 31, 2005

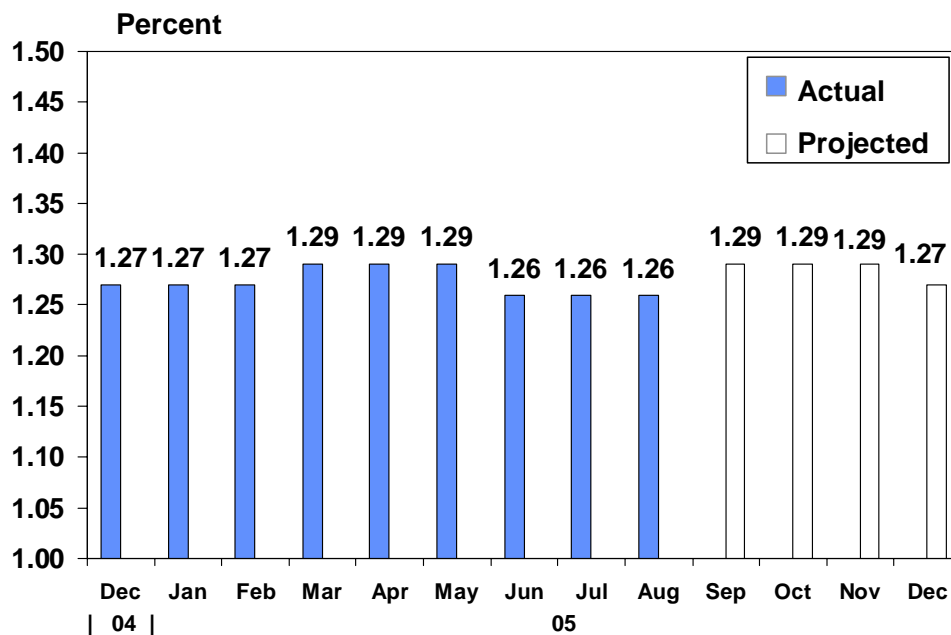
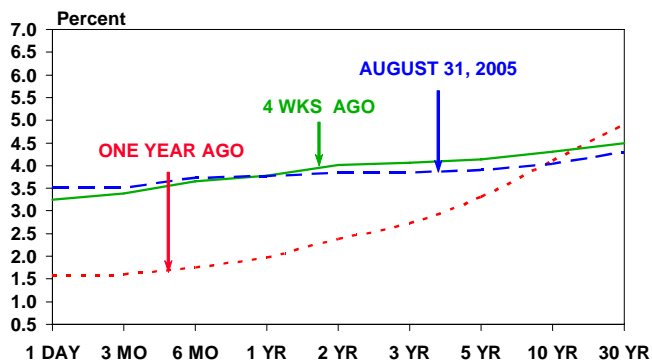


TABLE 4

INVESTMENT PORTFOLIO SUMMARYAugust 31, 2005

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,777,653,000	\$1,777,653,000	\$0	100.0%	3.48%
U.S. Treasury Notes	\$4,682,771,829	\$4,639,843,750	(\$42,928,079)	99.1%	2.64%
TOTAL	\$6,460,424,829	\$6,417,496,750	(\$42,928,079)	99.3%	2.89%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY05 Revised Projections	
Investment Yield	2.69%	2.84%	2.47%	2.75%	
Investment Income	\$14,918,318	\$15,814,542	\$106,624,850	163 Million	
Income Budgeted	\$15,700,000	\$15,700,000	\$100,400,000	163 Million	
Income/Budgeted Ratio	95.0%	100.7%	106.2%	100.00%	
Weighted Avg. Maturity in Days	387	362			
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	2,277.7				
3 months - 1 year	1,500.0				
1 year - 2 years	1,850.0				
2 years - 3 years	600.0				
3 years - 4 years	0.0				
4 years - 5 years	200.0				
TOTAL	\$6,427.7				

TREASURY YIELD CURVE



MATURITY SCHEDULE

August 31, 2005

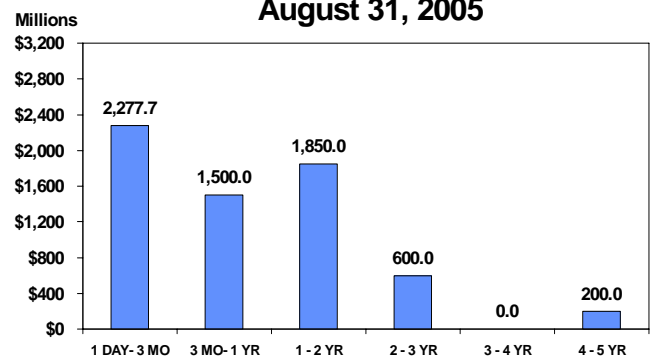


TABLE 5

MONTHLY YIELD COMPARISONS**August 31, 2005**

YIELD COMPARISONS								
	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05
NCUSIF Yield	2.10%	2.27%	2.36%	2.43%	2.52%	2.56%	2.69%	2.84%
90 day T-Bill	2.50%	2.74%	2.78%	2.89%	2.97%	3.12%	3.39%	3.51%
1 year T-Bill	2.94%	3.19%	3.34%	3.33%	3.28%	3.45%	3.78%	3.76%
2 year T-Note	3.28%	3.58%	3.78%	3.65%	3.55%	3.67%	4.02%	3.84%
30 year T-Note	4.57%	4.72%	4.75%	4.51%	4.31%	4.21%	4.49%	4.28%

YIELD COMPARISONS

August 31, 2005

